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A Report on the Small
Commissions, Agencies and
Boards in the State of Maine

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The focus of this report is on the relationship of the small independent boards and commissions to the rest of the Executive Branch of Maine State Government. The basis of the report is a series of interviews held with State leaders during three of five trips to Augusta conducted over a four-month period, and questionnaires sent to selected commissioners.

The report team consisted of four, second-year students at the Harvard Graduate School of Business Administration as a part of credited course work. A synopsis of their backgrounds is attached as Appendix "A".

We would like to express our appreciation to Allen Pease and Steven Weems of the Maine State Office of Planning for their valuable assistance and to all the Maine State government representatives who were kind enough to share their views with us.

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EXECUTIVE SUMMARY

Recommended changes detailed in this report fall into the following categories; detailed suggestions on specific boards and commissions, managerial issues the Governor must face, and strategic considerations which must be confronted jointly by the Governor's Legislature and the people of Maine. Specific reorganization alternatives can be found in Section I.

Additionally our study has highlighted several other concerns of a more general and strategic nature. First, standard management practices cannot be easily transferred to state governments, rather management tools must be carefully tailored to fit historical precedent and the political climate. Second, Reorganization must be incremental. Meaningful and lasting change will take time, perhaps longer than any single term of office. Third the interrelationships and dependencies are very complex and efforts should be focused carefully on the most critical issues.

A generally held consensus for change must be built throughout the State government. Presently, in most cases, there is no clear format to the attempts at reorganization and limited human and fiscal resources are not being used at optimal efficiency. The Governor must build his consensus while working within a limited time-frame. To have lasting effect he must convince the bureaucrats under his direction of the work of reorganization if they are to be carried out beyond his term of office.

Consensus must permeate the Legislative Branch as well. Both the Governor and the members of the Legislature must jointly administer any meaningful change.

In the final analysis reorganization will be administered by the departments and it is at this level where the Governor should concentrate his energies. We are convinced that the emphasis must be at the cabinet department level rather than directly on the boards and commissions. It is at this level that the most significant cost, performance, and control efficiencies can be affected.

Under the existing structure there is a general lack of a consistent pattern between the form and function of the commission in question and the administrative department to which it reports. Further the present structure tends to foster expansion and duplication because most units are narrow in their mandate. Generally, departments and their boards and commissions cannot respond satisfactorily to changing conditions because their mission has been narrowly defined by the Legislature.

Specific public needs for more responsive government are constantly changing. The critical management function is to oversee an ever-changing team of administrators in the departments as well as in the boards and commissions as they anticipate and respond to the ever-changing needs of the people. This is a multi-phased activity and a specific analytical framework is suggested to deal with this multi-dimensional challenge.

It is this focus on the dynamic nature of the managerial tasks of the State of Maine that is the focus of this report rather than the specific details of commission reorganization that is of the essence of the "consensus of change concept."

Specific recommendations in this report regarding small commissions, agencies, and boards include:

Advisory Boards:

- They should be advisory in function only.
- They should be consolidated.
- Department heads should deal with them in such a way as to manage their input.

Professional Licensing and Examining Boards:

- They should be centralized under one department.
- They should be required to regularly submit performance data.
- Standardized administrative procedures should be established in some areas.
- Inspection functions should be performed by a single administrative department.

Industry Promotion Boards:

- They should report regularly on an administrative basis, to the Division of Promotions in the Department of Agriculture.
- Their functions should eventually be assumed by the Division of Promotions.

Special Purpose Boards:

- Their functions should be assumed by existing departments, with the exception of quasi-judicial boards.
- The Legislature should provide sufficient funding and staff when requiring the Executive Branches to perform a new function.

INTRODUCTION

During the past four months this consulting team has examined various aspects of the Maine State Government. This report documents our observations, what we feel we have learned from our experiences, and our recommendations for the administrative and organizational changes which will most effectively help Maine achieve more efficient and responsive government.

Our interviews and questionnaire responses have taught us several important lessons. First, it is not possible to impose unthinkingly standard business methods or management practices on state government. Each area of potential applicability must be scrutinized with respect to historical precedent, political sensitivity, and the real likelihood of significant and permanent change in the behavior or operating styles of individuals involved.

Second, in those areas where change is deemed appropriate, the desired modifications must be incorporated incrementally in order to have the greatest impact. Attempts at singular change will usually fail and result in no change at all. The inertia of a large governmental system will resist such massive change and will thwart most efforts in this regard.

Third, the Maine State Government is an extremely complex system with many interrelated dependencies and interlocking problems. The system offers a monumental management challenge to its leaders. Approaches to the State's problems should thus be carefully thought

through and efforts should be focused on central critical issues rather scattered on peripheral problems whose resolution will bring little improvement to State Government as a whole.

The following report contains four sections. In the first we describe our specific observations on the strategy and functioning of this Government as they relate to the above lessons. The second section addresses an approach to a unified management control system which can be applied to the State of Maine. The third section addresses our specific observations regarding the State's agencies, boards and commissions. The final section suggests a time-phased series of actions which we recommend be implemented.

SECTION I

This section contains our specific observations regarding the strategy and functioning of the Maine State Government. Some of them may appear obvious to a reader experienced in the traditions and operating procedures of the Government. However, we feel it would be useful and perhaps instructive for such a reader to be aware of the perspectives developed by a group of "outsiders" working with this Government for the first time. We were struck by the degree of complexity and organizational intricacy which exists within this Government. Effective management of this system with its varied range of external pressures from the Federal Government to special interest groups to the individual constituent presents a constant challenge to its leaders.

During our numerous conversations with state officials at many levels, we were repeatedly impressed by the competence of the individuals with whom we dealt. However, from these interviews we detected varied perceptions about the type and amount of change that the Maine Government needed or wanted. Thus our first and most important observation is that the Governor must attempt to build a consensus for change among state officials and legislators. Creation of this consensus can be aided if the Governor develops a set of priorities as a focus for change and guides the focus of his key subordinates. At present there appears to be no clear focus to attempts that are already under way. Many areas are being attacked simultaneously resulting in an ineffective dispersion of the limited human resources that are available

for the task. For example, efforts are under way to computerize licensing procedures for certain groups, such as the State Board of Nursing, while others are working to cut the small travel funds of some of the board and commissions, such as the State Board of Cosmetology. While time was being less effectively spent on such efforts, little was expended on building consensus among legislators and independent agencies for passage of the Central Licensing Bill, one of the few attempts to date at broadly focused change.

As the Governor shapes the focus and builds his consensus he must constantly bear in mind the limited time frame within which he works. This time limit, a function of the electoral process, restricts the amount of change that can be accomplished under his control and effectively limits his ability to ensure long-lasting operational or behavioral changes in non-appointive government officials. If the Governor intends to serve for only one term, he must judiciously pick those areas of government which need the most change and which are most ready for it, so that the maximum amount can be accomplished during his stay in office. Further, if he wants to see this change remain intact after he leaves office, he must work through his cabinet officers to convince subordinates of the importance of his program. Change should come through active cooperation, not just by legislative mandate.

Finally consensus must extend to the legislature itself. In this regard, the Governor must first actively strive to improve

relations between the Executive and Legislative Branches. Without such an improvement hopes of program implementation will be seriously reduced. Once relations have been improved, the Governor should seek to help guide the focus of legislative action through active initiation of and lobbying for desired bills. The widely varying political interests of the legislators must be temporarily subordinated if a less haphazard approach to change is to succeed.

Our second observation deals with the practical approach that the Governor might use to develop his program's focus. He must develop a set of priorities for the desired areas of change. Each department, departmental subdivision and individual board and commission must be examined to determine whether or not it is fulfilling its role as set forth in its legislative charter. Does it exist, for example, to serve, protect, regulate, educate, collect or disburse funds? Is it performing its assigned functions satisfactorily? If not where do its weaknesses lie? Only through such an examination will the Governor be able to begin to sort out what should be done.

From our conversations, our projected conclusion is that such an analysis would show that the primary focus of a plan for change should be on the cabinet departments rather than the boards and commissions. It seems that this is where real cost savings and performance efficiencies can be made. The boards and commissions, while requiring eventual attention do not offer the same potential for significant

improvement. An examination of the budgets of various government entities budgets illustrates this point. Business, agricultural and professional licensing examination, and inspection activities within the departmental structure have a budget of approximately \$5 million, whereas independent boards performing professional licensing and inspection functions are budgeted at only about \$650 thousand.

Within each department, efforts should be focused on improving financial and management control. Program costs are not carefully monitored. There is little emphasis on annual budget planning or on long-range planning. Such long-range planning should include an assessment of present and future departmental program goals and objectives as well as a projection of future expenditures. There is a clear need for true program budgeting. In such a budgeting system funds are broken down by specific functions or programs rather than just by bureaus. A demonstration of the need for program budgeting is that in our analysis of boards and commissions, we had a difficult time isolating the money spent on each function or program area.

There is also a need for management control as well as financial control. Cabinet officers and subdivision managers need to evaluate regularly the performance of their employees and their department as a whole. Non-monetary considerations are critical in this evaluation: Have assigned services been performed in a timely and efficient manner? Has the public interest been correctly addressed? How can procedures be modified to better fulfill their role? In this effort existing

detailed fiscal audits must be supplemented by detailed service audits. For example: How many licenses were issued? How many facilities were inspected? In developing and applying management techniques such as an improved management control system or a program budget, the Governor must be conscious of traditional governmental constraints which are not present in a business. Sensitivity to historical precedent and political traditions is important. There may be legislative barriers to organizational or operational change as well as federally mandated organizational structures. The plan for change must be tailored to fit each situation, not applied across the board. It is difficult for us to understand why the boards and commissions are being focused on at this stage of reorganization. Our only observation in this regard is that these may have been attacked now because it is easier to initiate change in these groups since they are smaller and more visible organizations than departmental subdivisions. However, only minor savings can be made in this area.

SECTION II

Management Control System

The purpose of this report is to study the small agencies and commissions. Since we feel, however, that the focus of reorganization should concern itself with the large departments, we have outlined a management control system which we feel would be helpful in structuring greater efficiency in both small agencies and large departments.

Naturally, management control for the small commissions would be far less complex than for larger entities. Management control, we feel, is crucial and should be applied to all agencies, commissions, or departments, regardless of size.

Maine can vastly improve the effectiveness and efficiency of its governmental operation by focusing on the development of a coordinated management control system. Maine can utilize management control to assure that resources are obtained and efficiently used in accomplishing the State's objectives. Management control must permit Governor Longley the ability to direct and initiate programs and control their operations. Management control is also necessary on the commission level so that commissioners can keep track of expenses, and make analyses and plans. Management control must communicate the activities that the commission should perform, what resources should be used and then evaluate how effectively each does its job and how efficient each uses its resources. It must communicate this both to Governor Longley and the various commissioners to whom they report.

In a nonprofit bureaucracy like the State of Maine, problems are solved by segmenting large problems into smaller ones and solving them in a highly decentralized manner. Currently these commissions are independent in nature and are not responsible to report to Cabinet Members. Governor Longley wants to structure a Cabinet Management Committee each of whose members is to be ultimately responsible for highly decentralized commissions. Many of the numerous independent commissions do not presently report to these cabinet officials and ultimately the Governor. This reporting system has the potential to work well, but is not working well at the present time. This is due to a number of reasons including the independent nature of these boards, a lack of standardization of commission reporting, lack of knowledge of purposes of commissions and boards and some disinterest on the part of cabinet members. At present, cabinet officials lack control over all the commissions and the Legislature has virtually no input or control over the commissions. We will outline a management control system which will allow each of these three segments greater input and impact on the operations of State commissions and boards.

The formal management control process consists of five steps; These are planning, programming, budgeting, reporting and analysis. Each must perform its function so as to give Governor Longley the information necessary to make policy decisions. It must also serve to give the Planning Department the necessary information to plan and analyze proposed short and long-term plans. It must also give commissioners sufficient information to plan and program and operate day-to-day activities.

Planning and Programming

It is sometimes impossible to determine the success or value of any of the programs undertaken because output measurement is very subjective and non-quantifiable. This makes planning and programming extremely difficult and subjective. Planning and programming must be done at both the State Planning Office and commission levels. The State Planning Office must serve to devise a short and long-term State plan, coordinate and supervise departmental planning activities and aid the independent departments to come up with plans that are congruent with State goals and objectives. It is currently unclear within the departments how their plans interrelate to each other and also to the goals of the Planning Office. Programs must be accurately defined before they can be solved and the current inability to define the problems in a systematic way must be corrected before any effective solutions are possible.

Although some planning is done in terms of new programs, most is for continuing programs. Cost reduction programs are crucial and employees must be made aware of and given incentive to focus on these issues. Cost/benefit analysis must also be performed on these plans to assure cost effectiveness.

On the commission level, it is usually fairly easy to predict the plan ahead. Although many of the agencies and commissions do have to make periodic capital investments which may be difficult to predict,

many commissions operate on yearly budgets that are fairly predictable and recurrent. The predictable and recurrent nature of these costs and goals would make planning a rather simple process and once a plan is begun, would not require constant revision.

Budgeting

Accounting is crucial for management control, and governments usually structure their accounts by either program accounting or responsibility accounting. Program accounting devises plans by program category, while responsibility accounting organizes by responsibility center. Maine's commission budgeting is handled by responsibility accounting. The current budget system in Maine is basically clerical in nature. Budgetary review reconciles figures and compares current figures to prior year numbers. There is no attempt to make any managerial or qualitative judgments. No marginal analysis is made and no zero-based budgetary procedures exist. No long-range planning is done by this bureau.

On the lower commission level, budgetary controls must be instituted. Many of the commissions do not know what their costs or budgets are and therefore, have no control over their expenses. No records are kept and no control system exists. An example of the lack of control over costs can be seen with the licensing boards.

Regarding licensing, there is a question of whether the fees received from licensing cover the cost of the licensing board,

or in fact may greatly exceed these costs. In the independent agencies, the relationship is visible. The revenues, in most cases, exceed the expenditures made for functions performed. However, in the larger departments or non-independent boards which perform licensing and examination functions but receive their monies from general, dedicated, and federal fund sources, under the present system, there is no way of knowing whether these costs are covered or exceeded by fees received. For example, it appears that the Pesticides Board does not cover costs from the intake of funds for examination and licensing procedures.

We observed that for the large departments that perform more than one function (including licensing or inspection), it is impossible to tell whether fees from inspections or licensing (whether they are considered dedicated or general funds), cover costs of these functions. The reason for this is that many departments receive funds from both dedicated and general sources and since these are not broken down according to program or function, it is impossible to tell whether the costs of these dedicated services are covered by dedicated funds.

In many cases, the lack of drastic change in the planning costs mentioned above is the same situation that exists in budgeting. Costs do not change greatly from year to year so budgetary attention is seen as unnecessary. This, however, is not true. Budget attention is necessary and each commission must establish a yearly budget which it is expected to follow. Each budgetary system must allow for a review procedure to assure high achievement and continued usefulness of programs.

Reporting and Analysis

The reporting system is one in which there is a great deal of room for improvement. Reporting of performance is necessary in all organizations. Reports should not contain more information than is necessary to communicate necessary information to the official. Governor Longley needs different kinds of information from department heads and commission heads. Governor Longley needs information from which he can make policy decisions while commission and agency heads must make operating decisions. Reporting must answer the question of whether the expected or unexpected has occurred and in either case, what can be done about it.

Variance analysis is crucial to an effective State reporting system. Variance analysis focuses on the difference between budgeted and actual costs to determine where budgets have been exceeded. Constant vigilance to variances can determine, over time, where costs have been excessive, and if in some areas, they have been less than anticipated, funds can be used elsewhere.

Audits must also be periodically maintained so as to assure conformity to rules and regulations. Three types of audits should exist in Maine. The first is a compliance audit to assure finances are properly conducted and conform to rules and regulations. The economy and efficiency audit must serve to assure efficient utilization of resources. Program results audits assure that desired results are being achieved.

Implementation

Management control systems have substantial impact on an organization. This is particularly true when business practices are being applied to government, as is the case with Maine. Management control systems alter how plans are made, how performance is measured and how communications are carried out. Installment of a successful system must have active top management support, yet be carefully communicated to the organization so employees can be made aware of the system's working. The system must be installed slowly and implemented concurrently with the old parts of the system so as to assure consistency and success. In considering implementation, several rules should be remembered. It should be assumed that no one knows how to implement it; that implementation will take time if it is to work at all; that nothing complicated works, too much data only serves to confuse; that most things that can go wrong will go wrong; and that people do not like to deal in uncertainty.

Another problem aside from the management control system is a series of directions in which the Executive Branch is focusing regarding dedicated and general funds that we consider misdirected. The small, independent agencies have miniscule amounts of financial and personnel excesses compared to the large, non-independent agencies which this study does not focus on. For example, the total estimates expenditures for 28 independent professional licensing and examining boards for FY 1975 is approximately \$650,000. Yet, total expenditures for licensing,

product grading, inspection and related activities in the Department of Agriculture, Department of Health, Department of Manpower Affairs for which special fees are often charged is estimated at between five and six million dollars. A great deal more money could be saved by giving attention to these large agencies rather than focusing on the smaller ones. In summary, in terms of saving money we feel that since professional and licensing fees comprise a small proportion of total dedicated funds, only 1/2 percent, and dedicated funds are approximately one third of total revenues, it is illogical from an economic stand-
point to focus on the licensing fees of these small agencies.

Since there is more money involved, we feel that the higher priority should be given to matching revenue and expenses and improving operations in services performed by large departments for special groups which pay fees of some kind for these services. An example is the Division of Inspection and Division of Markets in the Department of Agriculture which spent almost three million dollars, 1.4 million of which is non-federal dedicated revenues.

Dedicated vs. General Funds

Some agencies have excess funds and have no area in which to use these, but no legal method exists for the government to use these funds elsewhere. The issue of dedicated vs. general funds is one which is politically sensitive and beyond our capabilities. However, we feel

several recommendations are necessary. For the agencies with constant excesses, we feel they should be pressured to reduce their fees or use the monies for a worthwhile objective.

Another alternative is to set up a formula for each agency to spend a certain amount of its dedicated funds based upon a percentage increase in the amount of funds used in the previous year. The formula would be based on the funds used the prior year and would increase these by a certain percentage for an inflation factor and an increase for additional costs above the previous year. Under the system, each agency will get the funds it needs from its dedicated sources, yet still permit excess funds to be returned to the general fund.

State Board of Nursing

Now that we have outlined the necessary steps in a management control system it will be useful to illustrate them through one of the more effective State boards. Toward this purpose, this study investigated the State Board of Nursing.

The State Board of Nursing was established to protect the public through regulation of the practice of nursing in the State of Maine so as to maintain high professional standards. The primary responsibilities of the Board are to license, by examination or endorsement, all applicants to practice as registered professional nurses or as licensed practical nurses; to investigate complaints of unsafe nursing practice or any violation of laws relating to nursing; and to adopt rules and regulations

governing licensure of nurses, to prescribe curricula and establish other educational standards and generally monitor the training of the nurses of the State.

The State Board of Nursing was created in 1915 and consists of five members, all registered nurses appointed by the Governor with the advice and consent of the Legislature, for terms of five years. The membership annually elects a president and a secretary-treasurer, and may appoint and employ an executive director.

The Board serves 10,000 registered nurses and 3,000 practical nurses. All of the funds are dedicated, coming from initial fees of \$40 for registered nurses and \$30 for practical nurses. The annual budget was \$97,169 for fiscal year 1975.

All of this appears to be fairly traditional; but, the Board of Nursing has pioneered very effective management practices in the past and is considering some important innovations as it anticipates future developments. First is an effort to level the license renewal work-flow through such alternatives as using the nurse's birth dates as their individual renewal date.

Second, the Board in anticipation of the continued growth of new types of nursing categories, (such as Nurse Practitioners and modern midwives), have initiated coordinating efforts with the appropriate committees of physicians which will eventually have an impact on the solution of this evolution of medical personnel categories.

This willingness to adopt new methods of managing the Board can perhaps be best exemplified by their use of computer applications. The major benefit of this management tool has been its capability to enable the Board to keep constant tract of their membership. This is important in renewal, initial certification, transfer of records to other states, and general record keeping.

Through the experience gained by the State Board of Nursing there is a potential for more general benefits to smaller membership boards, commissions, and councils, as they also attempt to simplify their routine procedures and expand their management control.

SECTION III

In this section we will discuss our observations and recommendations for small boards, agencies and commissions. These observations and recommendations resulted from our analysis of:

1. Discussions with the Governor, department heads, legislators, and other key people in the Maine government.
2. Readings of the Management Cost Study, the FY 1974 and FY 1975 annual reports and Program Budget document.
3. Responses to questionnaires which were sent to most small agencies, commissions and boards.
4. Analysis of various reports and conversations on re-organization in other states.

Methodology

In order to structure our analysis in a meaningful way we first categorized the small boards, commissions and agencies into:

- A. Advisory Boards
- B. Professional Licensing and Examination Boards
- C. Promotion Boards
- D. Special Purpose Boards

We also include sections on:

- A. Observations Relevant to Many Boards
- B. Other States

In order to highlight what we think are the main problems, we have focused our discussion on two or three small agencies in each category.

Recommendations

The recommendations we have made are based on our reading of the annual reports and questionnaires returned from some of the small boards and commissions and from our discussions with department heads and thus seem logical. However, a more indepth review of the functions actually performed by these small agencies must be made before any definite action is undertaken.

A. Advisory Boards

In our analysis we studied the activities of approximately 60 advisory boards in the current organizational structure in the State of Maine.

In this analysis, we found that there are many problems that face the State with regard to these boards. Some of these problems deal with financial difficulties and are a result of the sometimes varied roles these boards are required to have other than advisory. The creation of the boards have resulted in multiple responsibility centers in one program area. Other problems are concerned with reporting relationships of these boards to department heads.

Finances and Roles

Advisory boards, in many instances are created by the legislature for specific purposes. For example, the Governor's Advisory Council on the Status of Women and the Governor's Committee on Employment of the Handicapped are two such committees. However, the provision in their statutes require these boards to do more than merely give advice. In many cases, they are also required to promote their respective causes by developing various programs which they would operate. Yet, the advisory committees are not given the authority to request funds or personnel to carry out these other functions. Rather, they must rely on department managers for funding support and staff. Needless to say, this system leads to a circumstance where the advisory boards must seek out funds and even after they find a source, have no way of being certain whether that source will be able to fund them the following year. Since funding is uncertain, staffing is also uncertain and subject to change. No existing department, however, is required to give these boards funds or support. This circumstance leads to morale problems among the staff of these boards. The funding problem is the most serious one currently facing these boards.

As an example of these funding difficulties, let us look at the Committee on the Employment of the Handicapped. This committee receives \$6,600 from the Bureau of Rehabilitation and \$26,400 of Federal monies. The committee has therefore been able to hire two new employees. Yet, the committee still feels its funds are not sufficient to fully implement the duties set forth for it by the legislature.

The Division of Vocational Rehabilitation was established to assist handicapped individuals in preparation for employment. The division's expenditures were \$4.8 million in 1975. The Committee on Employment of the Handicapped, on the other hand, is supposed to promote the employment of these citizens by working with employers, community volunteers and handicapped job seekers. The committee's statute, however, does not provide the committee itself with any funds nor does it require the Bureau of Rehabilitation or the Division of Vocational Rehabilitation Services to support it with funds or staff.

As another example, the Council on the Status of Women receives irregular staff assistance from the Governor's Office, CETA federal monies (which this year has been cut off), and \$2,000-5,000 of general operating funds to carry out its programs. The general funding does not cover both operating expenditures and reimbursements for travel. Despite this staff and funding inadequacy and uncertainty, the Council is expected to promote and coordinate activities, employ consultants and contract for research projects. This is in sharp contrast to the Human Rights Commission which has ten full-time members and spent \$133,000 on investigations in fiscal year 1975.

Multiple Responsibility Centers

In addition to the obvious problem of inadequate power to obtain funds to carry out certain functions, the creation of these boards in itself results in multiple and overlapping responsibility centers

in carrying out functions in one program area. For example, both the Advisory Council on the Status of Women and the Human Rights Commission are responsible for promotion of human rights. Such overlapping in functions leads to imbalanced program planning, inefficiencies and the inability of the Governor to hold just one manager in an area responsible for carrying out the functions of that area.

Reporting Relationships

There are also many other problems with the current advisory board system. A great many of these boards see their role as policy-making, yet many of the people report to see their role merely as advisory. Some of the department heads resent this intrusion into what they view as their own prerogative.

The department heads have other apprehensions regarding these boards as well. The department heads have little control over the boards' functions, although they have the responsibility to do so. As a result of this untenable situation, many department heads do not give any attention to their boards. Many do not have the time and others do not care to take the trouble. The more separate advisory boards reporting to a department head, the more difficulty the department head has in dealing with all of them.

Advisory Boards - Recommendations

Multiple Roles and Inadequate Power to Obtain Funds and Staff

1. In the short run, the department and small advisory agency heads should establish jointly, at the beginning of each budget cycle (a) specific goals and objectives for the year and (b) the amount of department

funding and staff support to be given to these boards for their operation.

2. In the long run, we recommend that the Maine Legislature structure legislation in such a way as to reduce the proliferation of responsibility centers.

Advisory boards should perform solely advisory functions, Any additional functions which the legislatures deem necessary (such as promotion or planning) in a particular program area, should be assigned to an existing department so that a single government manager would be responsible to the Governor for one program area. If necessary, the legislature should create additional staff and funds to carry out these functions.

Reporting Relationships

1. In dealing with the advisory boards, the department head (or bureau or division chief) must strike a careful balance between reserving for themselves alone the policy making function while keeping these boards sufficiently involved such that they feel their participation is meaningful. A successful technique used by a major department head in Washington, D.C. in dealing with these boards is to always take the initiative in providing these boards with a constant flow of the department's staff reports and plans.

These documents provided to these boards for comment only contain a pre-established policy supported by the department head. By taking the initiative, the department head stymies the boards in their taking the initiative. The advisory boards will

be forced (because of time constraints) to deal only with those issues which the department head wants advice on.

If the board takes issue with a pre-established policy, it will also be forced to justify reasons in detail and will thereby become more responsible in performing the advisory function.

2. Ideally to encourage coordinated and comprehensive advise in a program area there should be a consolidation of those advisory boards relating to one program area.

Such a consolidation would also assist the department heads. Since a department head has because of his/her present time constraints when on dealing effectively with a multiplicity of advisory boards because of his operational responsibilities, such a consolidation would allow him/her to deal less advisory more effectively and efficiently. In this manner, not only will the number of boards be reduced, but control of their functions would be more carefully overseen by department managers. These same department managers would then be held responsible for overseeing these boards' staff and financial needs.

For example, the Office of Manpower Planning and Coordination could be folded into the Department of Manpower and then the three advisory boards under the Department's purview would be consolidated. These are the State Manpower Services Council, the State Manpower Planning Council, and the Manpower Affairs Advisory Council. Although the functions of these agencies differ somewhat, they all advise in the same general area and these consolidations would not be functionally disadvantageous to any of them.

Consolidation can be made of advisory boards reporting to the Bureau of Banking under the Department of Business Regulation. The Savings Bank Advisory Committee, the Trust Company Advisory Committee, the Savings and Loan Association Advisory Committee, and the Banking Study Advisory Board can all be consolidated into one Financial Institutions Regulation Advisory Committee which will report to the Bureau of Banking under the Department of Business Regulation. Another group of consolidation could occur under the Bureau of Consumer Protection. The Credit Union Advisory Commission, Small Loan Agency Advisory Commission, Credit and Collection Board, and Council of Advisors on Consumer Credit could be combined into a consumer Credit and Protection Advisory Committee.

In the area of insurance, the Life Agents Examining Advisory Board and General Lines Agents Examining Advisory Board could be consolidated into one Insurance Agents Examination Advisory Council which would report to the Bureau of Insurance under the Department of Business Regulation. Similar groupings can be made in other departments.

These Advisory Boards exist to service the department heads (and other government managers). Consolidation (including the designation of which boards should be consolidated) should be at the invitation of department heads and other government managers who are most familiar with the nature and operations of these boards.

B. Professional Licensing and Examining Boards

In our analysis, we studied the activities of approximately 28 independent Professional Licensing and Examination Boards.

Results of the Questionnaires

During this study we sent questionnaires to most of the small boards and agencies in the State of Maine (see Appendix A). We received questionnaires back from about 15 out of the approximately 28 independent professional licensing and examination boards. The results from the professional licensing and examination boards' questionnaires reveal that their membership of these boards and commissions ranges from 4 to 7 persons. Two boards meet each month; three boards meet 10 times a year; two boards meet bi-monthly; three boards meet every 3 months, one board meets every four months (in addition to special and disciplinary meetings); two boards meet twice a year and one board meets annually. One board meets when necessary. The total number of funded employees in these 15 boards is 25, some of these part-time.

In order of greatest total time spent on various functions by these professional licensing boards: 15 to 50% of time spent is on license issuing (including examination); 5 to 50% is on license renewal; 5 to 30% is on policy making; 2 to 20% is on investigation; and 5 to 10% is on rule making. Other functions (but small in proportion to total time spent) include: inspection, promotion, and policy advising.

Thus, professional and occupational licensing boards in Maine can be characterized as extremely diverse in terms of organization and

operations. The boards vary greatly in size, numbers of meetings, personnel employed and time spent on various functions. Although this diversity leads to a certain amount of inefficiency and increased administrative costs, this diversity in some respects is valuable since the expertise from each profession is needed if the individual licensing of professions is to continue.

Observations Concerning Professional Licensing and Examination Boards

There are many changes that can be made with regard to the State's licensing boards. The general category under which these problems arise fall under the lack of standard procedures in the licensing function; the need for some consolidation; the requirement for centralization under one department; inspections; and bureaucratic procedures.

Standards

At the present time, there are different standards, procedures and by-laws operating for these boards, many of which do not operate under administrative codes. Some licensing functions are based on Federal standards while others are based on State standards. Although, in many instances this difference is necessary, there must be some centralized standards which these boards must meet. Often federal regulations are more strict than state regulations. Where state licensing regulation is looser than federal rules and where federal rules are used in some areas and state rules in others, one field may have to obey

stricter rules than others. There is also no standard appeals process where decisions on licensing can be appealed by the licensee.

Consolidation

There could be some consolidation among these boards. The Boxing Commission, for example, could be consolidated, along with the Running Race Horse Commission and others into an Athletic and Sports Regulation Commission.

However, because of the individual professional pride of these boards' memberships, consolidations among these types of boards may prove unworkable in the long-run. Consolidation might result in wasted energy and efforts being focused on "battles" between the professions rather than the more important business of maintaining adequate professional standards. To our knowledge, no state has successfully consolidated professional licensing and examination boards.

Accountability

In general, because these boards are independent, staff administrators are responsible only to their boards rather than the Governor. Administrative lines of authority and responsibility do not usually exist between the Governor and the boards. While there is no need for absolute control by the Governor over licensing boards, the present system has the potential to allow boards to operate in an irresponsible manner.

To insure accountability all licensing and examination functions should be centralized under the Department of Business Regulation. It is not necessary that there be a change in the statutory regulation or responsibility of any board or commission. Although many of the licensing functions differ, they are presently too diversified in= sufficiently controlled under the current structure.

Centralization in Other States

Many other states have placed these professional boards under one department. According to one report from another state, 40% of other states have at least partially centralized services. Services that are not usually centralized in other states are the setting of qualifications, preparation, conduct and grading of examinations, and the supervision and revocation of licenses. Those services most commonly centralized involve answering of inquiries, preparation and mailing of licenses, handling renewals, collection of fees and maintenance of accounting systems. As an indication of magnitude, according to a recent report on the subject, only 8% of the states studied have centralized services for setting licensing qualifications, but 83% handles license mailings centrally.

Many states are, however, considering centralizing the administration of examinations and licensing. The nature of the licensing procedure produces "peaks and valleys" in the work load. During "peak" licensing and examining periods, administrators are overburdened, while

during the rest of the year there is frequently very little to do. A staff designed to handle all licensing and examining could be shifted to aid in the elimination of this problem.

The State of Maine is presently going in the direction of resolving this problem by structuring the license renewal process in such a way that expiration dates are staggered to create an even workflow. Licenses are planned to run for two years and will expire at different times during the year. Notification of expiration will be formalized.

Inspections

Inspections are currently being performed by some of these professional and occupation licensing boards. Some of these inspections are concerned with sanitation and public health, for example, those conducted by the Board of Cosmetology and the Pharmacy Board. To insure the health orientation of such inspections, the greater efficiencies in the inspection function in general, in the case of the Pharmacy Board, for example, personnel is not currently available to carry out inspections of hospital pharmacies. All such inspections could be performed by a health division in the Department of Human Services.

Bureaucratic Procedures

The Insurance Bureau is an example of a commission which is currently ineffective under the present structure due to the complex

and cumbersome nature of the procedures.

Recommendations for Professional Licensing and Examination Boards

1. All professional licensing and examination boards functions should be centralized under the Department of Business Regulation.
2. The professional licensing and examination boards should be required to regularly submit performance data, such as the number of licenses issued, examinations taken, backlogs, rules made, etc., to the government manager to which they administratively report (in this instance, the head of the Department of Business Regulation). This data should also be included in the State of Maine's Annual Report.
3. Standardized administrative procedures should be established in some areas. For example, an appeals procedure should be established for professionals whose licenses are revoked or suspended.
4. Inspection functions which are health related should be performed by a single administrative department.

Future Actions

A complete survey should also be made of how many of these boards have statutory requirements for meetings; how much per diem is paid to board members; how much rent is paid for office space for these

boards; how much legal assistance is received by these boards from the Office of the Attorney General; how many boards have written vs. oral examinations; state vs. federal examinations; how many allow reciprocity and how many do not; how many have suspended and revoked licenses and what are the hearings and appeals procedures for revocation or suspension. All of these areas should be standardized.

C. Industry Promotion Boards

We studied the activities of seven promotion boards (representing four industries) in the State of Maine.

The staffs of these promotion boards operate more or less independently, reporting only to their respective boards, committees or commissions. Moreover, in three industries, milk, potatoes and blueberries, there are two separate boards promoting the same industry. The total promotion expenditures for these three industries, and a fourth, sardines, amounted to about \$1.4 million in FY 1975.

Surplus of Funds

Most of these small agencies are characterized by having a surplus of funds, amounting to an estimated \$700,000 in FY 1975 as a result of a special fee assessment made on the respective producers' products. At the same time, however, the Division of Promotions in the Department of Agriculture, (established to provide general assistance to Maine agriculture in the promotion and marketing of the State's agricultural products and resources), complains (in its FY 1975 annual report submission) that its promotional activities are limited due to a lack of funds. Its total budget for FY 1975 was about \$500,000 of which \$400,000 was provided by the broiler industry (only \$300,000 of broiler funds was spent that year leaving a \$100,000 surplus).

Thus, it seems that those producers who can afford to promote do promote and those producers who need to promote through the auspices of the Division of Promotions cannot because of a lack of funds.

The problem of dedicated versus general funds and that of transferring money from the "rich" to the "poor" is common to all State governments. This politically sensitive issue is not one which we feel qualified to deal with at this time. However, the legislature and the public should be made aware of the problem.

Recommendations on Industry Promotional Boards

1. We recommend the combining of boards promoting the same industry. 2. For central management and control purposes, these boards should report regularly on an administrative basis to the Division of Promotion. Since they utilize the taxing powers (and other administrative support from the State) they should be accountable to the Maine State government for their activities.
2. The legislature should become aware of the "rich" versus the "poor" industry syndrome and to consequences to the State of Maine for economic development.
3. In the long run, consistent with the management principal of the Chief Executive can only be accountable for those activities which it can control, these boards should be given the choice of either having their functions and paid personnel assumed by the Division of Promotions (with the respective boards being advisory in nature only) or separating from the state government and becoming private industry promotion boards.

D. Special Purpose Boards

We studied the activities of approximately 35 special purpose boards. The boards have primarily quasi-legislative, quasi-judicial, administrative, grant administration or planning functions. Some of these boards exist as a result of federal legislation.

We have observed that the practice in the State of Maine of creating new independent or quasi-independent boards and commissions to administer new functions results in several problems:

- 1) There is an overlap of responsibilities. For example, the Human Rights Commission promotes all human rights whereas women's rights are promoted by the Advisory Council on Women's Rights.
- 2) There is no clear delineation of accountability or authority. As an illustration, three agencies: Soil and Water Conservation Commission, the Department of Environmental Protection, and the Department of Conservation are all charged with protection and proper use of natural resources.
- 3) There is a lack of clearly defined budget and administrative support from existing departments or bureaus (to which the commissions are attached) or from the Legislature. The Maine Labor Relations Board, for example, claims its funding has been insufficient for some time. There has been no change in its appropriation from the time it covered approximately 20,000 employees until the present time when it is expected to cover 40,000 employees. The Board's budgets and fiscal accounts are included with those of the Bureau of Labor and Industry.

The Problems of Proliferation and Accountability

The fact that proliferation of independent boards and commissions results in inefficiencies and lack of control is not a problem unique to the State of Maine. From our research of other States, we have found this situation to be a common phenomenon. Both the Legislative and Executive Branches create special purpose commissions or boards to perform a certain function which is not presently being performed by existing government departments. These agencies are then allowed to function as best they can independent of control by the Governor.

However, due to the autonomous nature of most of these small agencies, the Governor is often not allowed or required to act as over-all administrator. As such, the effectiveness of the Governor as an administrator has essentially been obliterated in all States where this problem occurs by the way in which the Legislature creates these agencies. They are responsible only to their legal charter and are at most, required to report annually to the Governor. However, the Governor is held accountable and responsible by the Legislature for the conduct of these small boards but does not hold the authority to assure that they carry out their responsibilities.

Recommendations on Special Purpose Boards

1) It is our conclusion and the conclusion of many of those who have studied similar boards and commissions in other states, that the functions

of these groups should be assumed by existing departments which would then become accountable for their operations. The functions of these boards and commissions would be placed in that department which performs similar functions in a program area. Those boards and commissions corresponding to these functions would then be advisory in nature only. Members of commissions or boards who now provide necessary services on a volunteer basis to the State, other than advisory, would become volunteer employees of the State (non-paid or minimally paid) reporting to an existing director or other manager of the government. These people could possibly be given a prestigious title such as, State Consultant.

The exception would be those boards or commissions which are quasi-judicial in nature and thus should remain independent. For purposes of budgetary review, the fiscal accounts and budgets of these quasi-judicial boards should be separately identified in all documents. However, they should be responsible to a department head in reporting expenditures and operational performance data (such as, cases submitted, cases processed, backlogs, hearings held, etc.).

2) If necessary, the Legislature should provide additional funding and staffing to the department which assumes the new function.

3) The following are example recommendations for changing the nature of existing small special purpose boards and commissions to advisory only. The personnel and existing functions of each commission would be assumed by that existing department which already performs similar functions.

EXISTING DEPARTMENT
WHICH WOULD ASSUME THE
AGENCIES' PERSONNEL
AND FUNCTIONS

AGENCY	EXISTING DEPARTMENT WHICH WOULD ASSUME THE AGENCIES' PERSONNEL AND FUNCTIONS	RATIONALE
<p>a)</p> <p>The State Historian; The State Museum; National Historic Preservation Act; Bicentennial Commission</p> <p>Maine Library Commission; Maine Archives</p> <p>Arts and Humanities Commission</p>	<p>Newly created Division of Cultural and Historical Resources in the Department of Education and Cultural Services</p> <p>Historical Preservation Bureau</p> <p>Library Services and Archives Bureau</p> <p>Arts and Humanities Bureau</p>	<p>Some of these agencies are independent and are charged separately with administrating their programs. They are only administratively responsible to the Department of Education and Cultural Services. Creating a new Division would centralize management and control over operations and provide a coordinated program in this area.</p>
<p>b) Maine Commission on Interstate Cooperation</p>	<p>No change</p>	<p>No full-time employees; functions cannot be assinged because they involve the participation of members of the Executive and Legislative Branches.</p>
<p>c) Commission on Maine's Future (name changed to: Advisory Board on Maine's Future)</p>	<p>Planning office</p>	<p>The State Planning Office was established to define state goals and objectives.</p>
<p>d) Capital Planning Commission (name changed to: Advisory Board on Capital Planning)</p>	<p>Bureau of Public Improvements</p>	<p>The Bureau of Public Improvement was established to provide the planning of all public improvements.</p>
<p>e) State Liquor Commission (name changed to: Advisory Board on Liquor Regulation)</p>	<p>All but advisory functions - should be assumed by Bureau of Alcoholic Beverage</p>	<p>Administrative functions are now only partially assumed by Director of Finance and Revenue.</p>
<p>f) Accident and Sickness or Health Insurance Board (name changed to: Advisory Board of Accident and Sickness or Health Insurance Program)</p>	<p>Newly created: State Employee and Property Bureau of Insurance in Department of Finance and Administration</p>	<p>The Department of Finance and Administration was established to provide insurance advice for the State Government.</p>

AGENCY	EXISTING DEPARTMENT WHICH WOULD ASSUME THE AGENCIES' PERSONNEL AND FUNCTIONS	RATIONALE
g) Maine Insurance Advisory Board	No change	Program now administered by Department of Finance and Administration
h) Interstate Boundary Commission (name changed to: Advisory Board on Interstate Boundary Issue)	Department of the Attorney General	The Attorney General is authorized to appear for the State in proceedings in which the State is a party.
i) State Lottery Commission (change name to: Advisory Board on State Lottery)	A new Bureau of Lotteries in Department of Finance and Administration	The Department of Finance and Administration is the principal administrative and fiscal agency of Maine State Government.
j) Maine Milk Commission	Placed in the Department on Business Regulation as an independent regulating body but administratively reporting to the department head	The Department of Business Regulation was established to enforce the consumer's benefits from purchases of goods and services.
k) State Soil and Water Conservation (name changed to: Advisory Board on State Soil and Water)	Department of Conservation	The Department of Conservation was established to preserve, protect and enhance the land resources of the State of Maine.
l) Uncompensated Services Advisory Committee (to be advisory only)	Division of Health Resources	The Division of Health Resources was established to develop and maintain programs as necessary to bring about more and better medical care services.
m) State Military Defense Commission (name changed to: Advisory Board on State Military Defense)	Department of Military Civil, Emergency Preparedness, and Veterans' Services	

EXISTING DEPARTMENTS
WHICH WOULD ASSUME THE
AGENCIES' PERSONNEL
AND FUNCTIONS

AGENCY	EXISTING DEPARTMENTS WHICH WOULD ASSUME THE AGENCIES' PERSONNEL AND FUNCTIONS	RATIONALE
n) Maine Human Rights Commission's investigations and hearings unit (i.e., quasi-judicial functions) would remain independent but administratively report to Department of Human Resources	Promotion functions of Human Rights Commission and Advisory Council on Women be assumed by the newly created Bureau of Human Services	Consolidate similar functions under one government manager.
o) Land Use Regulation Commission (name changed to: Advisory Board on Land Use)	Department of Conservation	The Department of Conservation was established to preserve, protect, and enhance land resources of Maine.
p) Coastal Island Registry	To be terminated upon completion of task.	One government manager to assume responsibility for one program area.
q) Northeastern Forest Fire Protection Commission	Bureau of Forest	Presently is only advisory
r) Keep Maine Scenic Committee	No change	Semi-judicial in nature.
s) Public Employees Labor Relations Board	Independent but administratively reporting to Bureau of Labor and Industry	Same as above
t) State Board of Arbitration and Conciliation	Same as above	The purpose of the Manpower Training Division is to provide entry-level occupational skill training and can be expanded to include on-the-job training.
u) State Apprenticeship Council (should advisory in nature only)	Manpower Training Division	The board was established to protect the public. The Department of Business Regulation was established to enforce the consumer's benefits from the purchases of goods and services.
v) Passenger Tramway Safety Board	Department of Business Regulation	

Observations Relevant to Many Boards

In the area of funding, some commissions have excess funds while others have insufficient funds. In our survey, 24% agencies said they needed more money; 21% needed more staff and 21% wanted operating changes. More than half the commissions have sufficient funds while 33% have insufficient funds. Some commissions have excess funds as well.

The survey also revealed that there is room for improvement in the area of cost controls. Of the surveys distributed, 32% of the commissions did not know their costs.

There seems to be a need for a greater consumer participation on the boards and commissions. In our survey, only 46% had consumer representation. Citizen representatives would allow more useful and varigated input into agency advising or decision-making. Many of the agencies under the Department of Agriculture have been mentioned as notable culprits.

Consolidation of boards is an area in which a great deal of progress can be made. The various department heads should begin by consolidating any of the divisions and commissions already under them. This should be done very slowly and cautiously.

The Agriculutre Commissioner for example feels that the licensing and inspection functions of the various divisions and boards reporting to him could be consolidated into one central unit. Under

this unit, the field and multi-inspections should also be consolidated by geographical means wherever possible. This will serve not only to reduce overlaps, but to reduce costs as well.

There are also a number of operational changes which the State should make with regard to its commission structure. For example, the minutes on committee meetings do not follow any standard procedure. Some department heads do get minutes and others do not. In addition, there is no general procedure for the content of these minutes nor the frequency in which they have to be submitted. Without standards in this area, it would be impossible to get any consistency regarding minutes and standards would be useful for control purposes for the commissioners, department heads, governor and legislators.

There also needs to be a greater legislative role in the control of the commissions. This can be accomplished by having the legislature pass on the actions of the major commissions for the entire legislature. To spend a great deal of time on the commissions, the legislature can either focus on those that spend the most funds each year or divide some of the smaller commissions among legislative subcommittees to report to the full legislature.

All agencies and commissions should put complete and standardized performance data in their annual reports since the legislature uses this report extensively in their work.

Other States

Since 1963, twenty states have undertaken major governmental reorganization, while an additional twenty have made partial reorganization of various branches of their government. Many national forces support reorganization. First, there has been a growing realization that governing activities must be coordinated. Legislative programs without effective administrative control and authority in the Executive Branch have little meaning. Too often, some State operations become unresponsive to the Legislature as well as the Governor, who usually appointed the commission with the consent of the Legislature.

Second, during the years of rapid state reorganization, Governors have experienced increasing frustration in trying to administer an ever-growing bureaucracy. Often serving for only one term, many Governors and their staffs do not have the time nor the management information needed to effectively administer State operations.

A final incentive for change throughout the nation has been a growing interest in citizens in good, efficient government. As in Maine, other citizens have supported the efforts of Governors to simplify government, cut waste, and control and growth of both Federal and State government. The chief void in this process, the boards, commissions, and councils, has been the subject of this report. Most citizens would like to see immediate cost reductions in State Government; but in many states, the citizens do not get nearly as concerned about reorganization as do the representatives of special interest groups and professional organizations who feel threatened by any proposed change

to their commission system.

State reorganization of boards and commissions generally follow reorganization in general and can be categorized into three principles as identified by Dr. George Bell of the Council of State Governments.

Group agencies into broad functional areas.

Establish relatively few departments to enhance the span of control and to pinpoint responsibility to the Chief Executive.

Delineate single lines of authority from departments to the Chief Executive instead of through numerous boards and commissions.

Many states' reorganization efforts have only partially implemented these principles. There is a natural resistance to sweeping change and many Legislatures wish to preserve boards and commissions which require consent for their appointments. In the final analysis, the citizens of the State hold the Governor accountable for the performance of State government, therefore he should be given sufficient administrative authority and staff to truly manage government and to carry out legislative intent.

Additional lessons can be learned from the experience of other state efforts. First, any new structure should maintain and improve citizens input to government, both directly and through Legislators. If activities are grouped into fewer units of government to simplify the structure, care must be taken to avoid the creation of an unresponsive bureaucracy. Governors of other reorganized states

are generally convinced that reorganization makes it easier for a citizen to determine which agency of the state can hear his complaint or meet his legitimate needs.

Conversely, the Governor and his staff become more aware of the goals, operations, and problems faced by State departments and the boards and commissions which report to them. By reducing the number of commissions and also the number of departmental chains of command, it has become easier for several states to implement revised budgeting and cost control procedures. Most importantly, perhaps, information is made more readily available to agency heads and to the Governor and the legislature for evaluating programs and making the tough choices that are their responsibilities.

The experiences of other states also provide some warnings for the State of Maine. Reorganization can cause short-term problems if too many budget cuts are attempted prematurely or if large departments that have previously been administered rather poorly are thrown together in hopes of immediate improvement. These same lessons hold true for boards, commissions, and councils.

Reorganization is a continuing process. There is no one-shot cure for administrative problems in State government. Most states follow their initial reorganization changes with further structural changes in major departments to "fine-tune" the organization and to reduce costs.

In summary, the lessons from other states indicate that the principal rationale for reorganization in these states seems to be better management of very large organizations, with an end goal of reducing costs and improving service delivery where possible. Reorganization on this large organization, high-level scope has been either approved by the people as a constitutional amendment or adopted by legislation in 40 states since 1964. This is certainly evidence of nation-wide support of the concept and faith on the part of the citizens in the Governor and Legislature to take prudent steps to improve government management.

This mandate from the people, as stated above, does not explicitly include reorganizations of the boards, commissions and advisory councils. Scholars of state and local government have not concentrated on the issues of these small and largely independent organizations nor has the heritage of successful change been great.

Each executive has somewhat different powers to act and each state has different needs. Nevertheless several general lessons can be learned concerning the reorganization of boards. First, most successful efforts have a general mandate for change from the people. Second, they have involved as many of the departments and the boards and commissions themselves (in at least a general way) as soon as possible and in as positive a role as possible. Third, whether there is a broad mandate for change in the form of constitutional amendment or not, the most successful method has been incremental change - bringing the

people, the bureaucrats and the members of the boards, commissions and advisory councils as well as the interest groups they represent along with the reorganization.

SECTION IV

Recommended Steps of Action

This section deals with the management of the complex web of state boards, commissions and advisory councils on a general level. The objective of this treatment is to begin to fold these organizations (and the specific recommendations for reorganization suggested in preceding section) into the Executive Department. Strategic issues such as legislative relations will also be explored. The successful coordination of these facets of State Government is required if consolidation of the boards and commissions is to be accomplished through a consensus for change. The following pages describe the issues that must be faced in a time-phased implementation plan. The key recommended steps in this plan are underlined.

Phase I

From the foregoing analysis it is obvious that the government in Maine is not optimally structured for managing the numerous boards, commissions and other independent agencies that make up the focal point of this report. The overall structure of the government as a whole does not encourage the cooperation of the Executive and Legislative Branches that is required in establishment of a consensus for change.

A more cooperative structure should consist of a coherent set of principles or guidelines that effectively relate the forms of the many required boards, commissions and advisory groups to certain widely-understood behavior patterns and equally understood goals. Within such a governmental environment there should be a sense of belonging that would be closely akin to a "political or social culture." The rules of the game should be generally understood and mutually supportive roles in the overall process of governing would be followed.

Under the present structure, there is generally no consistent pattern between the form of organization and the function being performed. Some boards and commissions are used for administrative purposes, when, in fact their greatest usefulness may be in advisory, quasi-legislative, or quasi-judicial roles. The lack of a "consensus for change" allows haphazard administration of state programs as well as some inappropriate activities.

The present structure also tends to encourage its own expansion and duplication. Most of the units under study were organized around rather narrow activities instead of broad program objectives. As a result, as new public problems are perceived, the Legislature is often limited to creating a new agency because few of the existing units are suited, in an organizational sense, for the assumption of new and broader responsibilities. The predominance of narrowly focused boards spawns the creation of more narrowly focused additional boards and commissions.

Public needs are constantly changing, and adjustments in the management, control, and even organizational design should occur to serve

those needs. Accordingly, the first phase of the reorganization should be the formation of a procedure and set of managerial tools for accomplishing that reorganization in an orderly manner. It is this focus on how to make the management system of the boards and commissions a success rather than on the specific details of commission rearrangement that is the essence of the "consensus for change" concept.

An example from another state may illustrate this point more clearly. During reorganization in Georgia, it became clearly understood by almost all of the workers within the Department of Agriculture that the new focus of the department was on consumerism. This commonly held value was successful because it went beyond the definition of the word, or even the broader concept, and came to mean to the state employees that they were to serve the "final buyer." In some cases the final buyer was the farmer, and he was to be protected by the agriculture department workers when he purchased fertilizer or other products and services. In other cases the final buyer was the housewife, and she was to be assured fair value from the farmer.

The important point here is that a clearer sense of what is the central business of the Georgia Department of Agriculture was developed around the mission of serving the consumer of agricultural products. This difference in the identity of the state employees is subtle in some ways, but it is a vast improvement from an identification with a more simplistic notion of the department as an arm of the producers of agriculturally-related products and activities.

Ideally, each board, commission, and council should have a similarly clear identity. They should have a very clear idea about the nature of their purpose for existence, their mandate, or in other words, a firm knowledge of what business the organization is in. All of this will only be useful if the boards are reporting to and being managed by a department that is also clear about the nature of its business.

There are three broad types of functions normally undertaken by boards, commissions and councils: regulation, protection, and promotion (of an industry or occupation). The departments themselves, as part of the executive branch, exercise a variety of powers that fall into four general categories:

1. Administrative - the execution of laws and programs through planning, staffing, organizing, allocating appropriated funds, and other management-intensive efforts.
2. Advisory - providing advice to decision-makers.
3. Quasi-legislative - the promulgation of rules, regulations and standards.
4. Quasi-judicial - rendering findings of fact, issuing orders with the force of law, and adjudicating disputes under laws, rules, or regulations.

Once a department defines its own role and establishes a consensus for change along broad functional and strategic lines, then management of the diverse and very independent boards, commissions, and councils will become possible.

Budgetary

Budgetary, financial, and management control are most effectively possible after the ground work listed above has been accomplished. This is also very desirable, if the Governor is to efficiently exercise his responsibility as the top manager of the Executive Branch and his constitutional responsibility for all of its operations. The primary responsibility of these control systems is to provide the departments, and hence the Governor, with those administrative services required by all managers of efficient operations. These services include such diverse areas as data processing, printing, purchasing office supplies, physical plant maintenance, records management, mail services, engineering and so forth.

Although these services are inherent in each department's operations, it is important that they be centralized as much as possible and as quickly as practicable. In this manner, the special expertise required for proper performance of these functions is available to all departments and the cost of such services can be controlled and reduced because of the ability to perform such services on a lower per-unit cost when produced in volume.

The financial operations should also be consolidated. This provides the managers with ready, comprehensive financial data and avoids duplication among the departments and boards under them.

Phases II & III

The relationships between the Executive branch (specifically the departments) and the boards, commissions, and advisory councils, are very complex and interrelated. These relationships must be thoroughly understood before changes are attempted. Given the long history of dissatisfaction with the inefficiencies of independent boards and commissions on the one hand, and the continued expansion of them on the other, it is not surprising that there have been so many attempts at making these bodies more manageable and efficient.

The sources of the organizational problems (as far as boards and commissions are concerned) between the Executive and Legislative branches in Maine can be traced to several core issues. The purpose of most boards and commissions must be to manage business and other non-governmental activities in the public interest. Theoretically, in this way, governments strive to serve their constituencies.

Political tension is built into the system because the Executive and Legislative branches have different missions, timetables, and pressures bearing on them. While the Executive branch is excessively complex, and responsibility for broad program areas is divided among too many agencies, the Legislative branch often responds too quickly to the political pressure put on it by the various groups seeking relief to specific short-term problems.

The results of these forces are all too often an absence of sufficient executive control and legislative overview to guarantee proper

management and the effective coordination of policy in State government. There is no overall plan or system of organization to guide the development and evolution of the boards and commissions. Perhaps even more importantly, there is no mechanism to implement such a plan with sufficient readiness.

Most of the separate units of the Executive branch are organized around a few specific programs instead of broad policy areas, and most were created by the Legislature in response to specific public (special interest) demands. The agencies are incredibly diverse, even within departments, and lines of authority and responsibility are generally quite confused. The Executive branch, in reality, is not a single unit, but instead is a collection of subunits that operate with varying degrees of independence from each other without any overall direction from the departments.

In general, parameters of an organization should include its legal (constitutional, statutory, or administrative) basis, its type of governing authority (single officer, board, or combination thereof) and its method of selection (elected, appointed by the Governor, appointed by another official, or ex-officio membership). With these factors considered, this report has inventoried the boards and commissions in Maine according to a set of organizational forms. However there is no consistent pattern between the form of organization and the type of power exercised.

Because of the way boards and commissions are selected, the various appointive positions are subject to a wide variety of terms and conditions of appointment and removal. This major barrier to effective management must be removed. Some terms are unspecified or very short and

others are quite long. In the case of long commission terms, the terms are usually staggered. Legislative confirmation is required for a number of appointments. Others must be made from lists of names supplied by private groups or from certain categories of groups in the state. Some officers are removable, some for cause, others at the pleasure of the Governor, and still others under unspecified conditions.

Reduction of the fragmented authority and responsibility of commissions must occur. This condition makes policy coordination extremely difficult and effectively prevents the implementation of comprehensive programs. Even if the public needs for coordinated, comprehensive programs are clearly identified, under the present structure, they are very difficult to provide. Fragmented authority also compounds the problem of public accountability. If several departments share responsibility for a problem, it is more difficult for the public to hold the proper officials accountable for their action or inaction with respect to that specific problem.

Although the Constitution provides that the Governor shall faithfully execute the laws of the state, large portions of the Executive branch are insulated from the control of the Governor. While such insulation may be justified in the conduct of some special purpose boards, it is less easy to justify in the case of administrative functions. Nonetheless, major administrative responsibilities in the areas of natural resources, education and cultural affairs, economic development, labor, social services, and general administration have been placed beyond the Governor's direct control through a variety of organizational and budgetary mechanisms.

The influence of the Governor is further diminished by the large number of boards and commissions. All of these separate units greatly exceed the span of control that any executive can reasonably exercise. Therefore it is essential that a strong departmental management system be established.

The role of interest groups, for good or bad, also limits the authority of the Governor. A large number of appointments to boards and commissions can be made by the Governor only from persons suggested by specific organizations or from persons who represent certain segments of society. Many agencies were created through the lobbying activities of organized groups, and agencies, in general, attempt to maintain strong and friendly relationships with interest groups concerned with their programs. These factors all combine to give interest groups a substantial role in the decision-making process of boards and commissions, issues for both the Executive and Legislative branches. This also contributes to the incomplete development of the central management tools of planning and budgeting and reduces executive control even further.

The same factors that limit the Governor's ability to manage the Executive branch often limit the Legislature in discharging its responsibility for overseeing Executive operations. In particular, the limited scope of the annual budget process weakens the degree to which the Legislature can be an effective check on the cabinet departments and the boards and commissions which report to them.

Three final recommendations are directed at the Legislature. First, it is recommended that the Legislature consider passing a statute which would

require the Governor to inform the Legislature at the convening of each session of all new programs assumed by executive agencies since the last session (most of which would result from federal programs or grants). The Legislature, then could affirm that executive decision by providing the same by law; it could decide that a more logical locus for the new function would be a different department; or it could, perhaps by resolution, decide it did not want the executive branch performing the function at all. This recommendation is made because oftentimes in the past, the executive has assumed new functions, especially those which are federally funded, in the absence of legislative authorization. While this is usually necessary during the interim between sessions, it seems that the Legislature, as the policy-making body for state government, should at least review executive actions.

Second, it is recommended that the Legislature take a new view of creating entities and assigning functions. Before creating a new agency to assume a specific function, the Legislature should look to the existing structure of the Executive Branch. Perhaps the function could be assigned to an existing department or one of its components. If a new agency is necessary, which is unlikely under the functional organization of the Executive Branch, the Legislature should ask the Governor, as chief executive, for a recommendation as to the most logical locus of that agency or entity.

Third, it is recommended that the Legislature consider enacting a statute to provide for a system of legislative review of administrative rules. Under such a system, executive agencies would be required to submit

all rules approved since the last legislative session to the Legislature for review. The Legislature could amend or repeal the rules; if not amended or repealed, the rules would remain valid. The purpose of such a system is two-fold. First, it would give the Legislature the opportunity of reviewing the rule-making function of the Executive branch, which is legislative in nature. Second, it would permit the Legislature to remove from the statutes many provisions which should never have been enacted into law in the first place - provisions which would be more logically placed in the form of rules and regulations.

These State problems cannot be viewed accurately in isolation. Federal/state relations are becoming increasingly intertwined. A growing number of boards, commissions, and particularly advisory committees are mandated by federal legislation.

The federal government is taking an increasing role in state governments through grants-in-aid designed to improve the states' abilities to administer and review the growing number of federal programs generated in Washington and funneled to the states. In 1960, federal grant-in-aid programs totaled \$7 billion. They rose to \$24 billion in 1970 and to \$52 billion in 1974. This tremendous increase in funding has directly accounted for a great percentage of the growth in employment and spending at the state level and in many cases, has provided good services for unmet needs.

On the other hand, state administrators have come to know that federal programs and their requirements are not "free." In spite of the voluminous planning, reporting, and auditing requirements of federal grants,

seldom is there an attempt at either the federal or local level to review the true effectiveness and value of the total program. Any comprehensive reorganization of Maine's boards, commissions and councils must strive to improve federal program review. The goal should be to avoid unnecessary new programs and eliminate those which have outlived their usefulness. As the State of Maine participates in these federal programs, mechanisms should be designed to exercise leadership and management control over this growing segment of the activities of the state government. Once again, it is this comprehensive coordination that is necessary for a developed consensus for change.

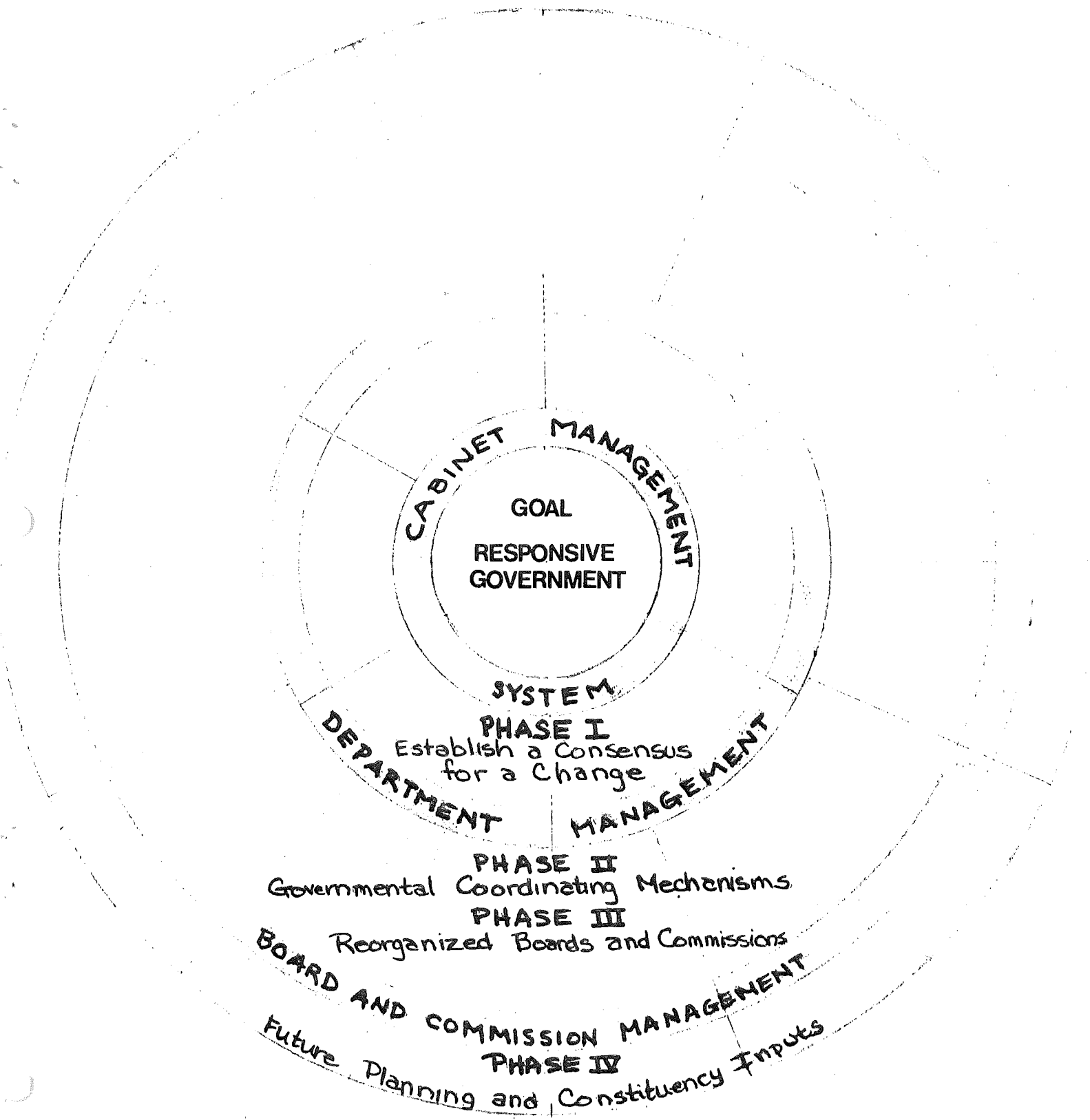
The above recommendations are necessary if any meaningful change is to be achieved. These changes will take a long time and require continuous attention. We feel, however, that a first step must be taken which can achieve immediate results and allow the Executive and Legislative branches to assess the progress of their efforts. Each year, a two-day series of seminars should be held. Legislators, commissioners, commission members, consumer representatives and executive representatives should attend. At the end of the first two-day period, there should be five areas which should be given attention as priority areas to serve as a focus for immediate change. Changes in each of these areas should be recommended by a committee, each headed by a leading legislator or commissioner. Each following year, the progress of these area changes should be studied at the seminars and changes in strategy should be made until a new and desirable system is fully implemented.

Diagraming the Process of Change

Exhibit 1 which can be seen on page 61, is a strategic chart which graphically represents the time-phased plan of implementation plan suggested

STRATEGIC CHART

STATE OF MAINE REORGANIZATION



throughout this report. The boards, commissions and advisory councils are an important link in any responsible governmental system - but only as a part of a clearly defined and well-managed reorganization strategy.

The goal of the State of Maine's ongoing reorganization is more responsive government and this project is part of that continuing effort. This goal is represented as the center of the chart. The Governor is the chief decision-maker at this level with the citizens of the state serving as the final judges as to the responsiveness of the system.

The critical management function is performed by the cabinet system which presently oversees all cabinet positions and departmental activities. It is at this strategic level that the basic framework for the conduct of the overall system is established including program strategy, implementation strategy, and overall program resource projections are generated.

On a more operational level the departments, and the boards and commissions within them, refine these goals and strategies into operating policies and procedures. On this level an operational plan is developed which translates strategies into; state-wide programs' operating procedures, individual commission operating programs, and individual program resource allocations and projections.

Individual boards and commissions generate their own specific program plans. At this level the plans are detailed and aimed at implementing individual operational programs in terms of; identification and description of specific tasks, delineation of decision criteria, relationship to state-wide

strategy, and constituency management/organizational functions and responsibilities.

This process is graphically represented in the chart in the following manner. The three levels of decision-making are noted by the dark bands. Tasks will be more important at certain time phases in the reorganization process. These are represented by the lighter bands making up the circle. Also included in the lighter bands are the most important functions at specific levels.

Thusly, since establishing a consensus for change is a prerequisite for all subsequent reorganization it is shown as Phase I and at the strategic level. Inter- and intra-governmental coordinating mechanisms are handled at the departmental level as are the specific management of the reorganized boards and commissions. This is Phase II and Phase III on the chart.

The primary task of the boards and commissions will be to respond to their constituency from within the new management system. It is at this level that the goal of responsive government becomes a reality, future planning and constituency input begins to take place.

This time-phased program, if adopted, would accomplish executive reorganization down to the board, commission and advisory council level in an orderly fashion. It would establish in Phase I, mechanisms that would facilitate change in the governing structure. It would allow adequate time in Phases II and III for the information and control systems to become established. During these phases both the executive and legislative branches could jointly implement a management system.

Appropriately, it is in Phase IV that the system comes full circle. It is at this level and after a certain length of time that public involvement and discussion would have its greatest impact. This input would come from specific constituencies and interest groups but also from a wide variety of consumers and public-minded citizens.

Toward a Future Consensus

Thus far, all of our recommendations have been directed toward problems facing the State of Maine's commission structure which we feel are capable of implementation in the near future. Our phased strategy has outlined what we see as the necessary ordering of priorities on which the state can focus. These priorities are determined by both the immediacy of attention required and by what we consider to be the building blocks necessary to lay a firm foundation for the next step. Our initial recommendations have first seen the need to develop a consensus for change and then move into the actual reorganization based on management control theory.

The changes we have recommended must be accomplished incrementally due to the complexity of the state government structure. However slow this movement may be, there are certain long-term goals toward which we must move. The recommendations we have made for consolidating the numerous boards suggest a short-term solution. In the long run there must be a vast consolidation of the boards and commissions into far fewer groups than now exist. Each commission must be placed under an appropriate department head to be supervised and controlled by means of management control techniques,

particularly in the areas of budgeting and reporting. Licensing must be centralized under a Board of Licensing to be supervised by the Department of Business Regulation. Promotions must also be centralized under a Board of Promotions and the myriad small promotional boards should be eliminated.

Department heads must be made more accountable to the Governor and Legislature in their control over reporting commissions. The Governor must establish a centralized Commission Reporting Office which will keep detailed notes and files on all commissions reporting to their departments. The Legislature must develop a procedure to make these boards accountable to them as well as to the Executive Branch. This can be done by establishing a legislative statute that phases each commission out after it has existed for six years unless it can prove why its function is essential.

The bureaucracy of the future will look much different in makeup than the existing one. Rather than being large, bureaucratic, complex structures to cope with numerous problems as is now the case, the future organizations will be greatly simplified in structure. There will be fewer departments than now exist and the problems will not be solved within each particular department by each department, but by centrally-based task forces that move from problem area to problem area, solving them in an orderly manner.

Management science in government is a concept whose time has come and can be instrumental in improving state government efficiency. It must be implemented, however, for the State to conform to the nature of the Maine government each step along its path to change. We have outlined here the first and

second steps we see as the ones which can be taken now and must be taken now in moving toward management science application in Maine's state government. The third step must be taken by this Administration, future administrations, and legislatures if there is ever to be a future consensus for change.

Harvard Business School Students

Synopsis of Backgrounds

Douglas C. Braithwaite

B.S. in Political Science and Economics (Utah State)

Captain, 3 years, U.S. Marine Corps

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